

QUESTIONNAIRE FOR FILING PROPOSED RULES WITH
THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE

DEPARTMENT/AGENCY Department of Education

DIVISION Public School Finance

DIVISION DIRECTOR Patricia Martin

CONTACT PERSON Patricia Martin

ADDRESS #4 Capitol Mall, Rm. 105-C Little Rock, AR 72201

PHONE NO. 682-5124 FAX NO. 682-9035 E-MAIL

pmartin@arkedu.k12.ar.us

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire & financial impact statement attached to the front of two (2) copies of your proposed rule and required documents. Mail or deliver to:

Donna K. Davis
Subcommittee on Administrative Rules and Regulations
Arkansas Legislative Council
Bureau of Legislative Research
Room 315, State Capitol
Little Rock, AR 72201

- 1. What is the short title of this rule? **Repeal of Rules and Regulations Governing Debt Service Funding Supplements**
- 2. What is the subject of the proposed rule?
To repeal the Rules and Regulations Governing Debt Service Funding Supplements.
- 3. Is this rule required to comply with federal statute or regulations? Yes _____ No X
If yes, please provide the federal regulation and/or statute citation.
- 4. Was this rule filed under the emergency provisions of the Administrative Procedures Act?
Yes _____ No X
If yes, what is the effective date of the emergency rule?

When does the emergency rule expire?

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes _____ No _____

5. Is this a new rule? Yes _____ No X If yes, please provide a brief summary explaining the regulation.

Does this repeal an existing rule? Yes X No _____ If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes _____ No X If yes, please attach a markup showing the changes in the existing rule and a summary of the substantive changes. **NOTE: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law grants the authority for this proposed rule. If codified, please give Arkansas Code citation. Arkansas Code Annotated §§ 6-11-105 and 6-20-305.
7. What is the purpose of this proposed rule? Why is it necessary? **To repeal Rules and Regulations Governing Debt Service Funding Supplements.**
8. Will a public hearing be held on this proposed rule? Yes X No _____
If yes, please complete the following:

Date: May 12, 2004

Time: 1-4 PM

Place: ADE Auditorium, Little Rock, AR

9. When does the public comment period expire for permanent promulgation? (Must provide a date.)

May 13, 2004

10. What is the proposed effective date of this proposed rule? (Must provide a date.)

July 1, 2004

11. Do you expect this rule to be controversial? Yes _____ No X
If yes, please explain.

12. Please give the names of persons, groups, or organizations that you expect to comment on these rules. Please provide their position (for or against) if known.

- **Arkansas Association of Educational Administrators**
- **Arkansas School Boards Association**
- **Arkansas Association of School Business Officials**
- **Arkansas Education Association**
- **Arkansas Education Service Cooperatives**

SUMMARY

This rule is being repealed.

FINANCIAL IMPACT STATEMENT

DEPARTMENT Education
DIVISION Public School Finance
PERSON COMPLETING THIS STATEMENT Patricia Martin
TELEPHONE NO. 682-5124 FAX NO. 682-9035 EMAIL pmartin@arkedu.k12.ar.us

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE

Repeal of Rules and Regulations Governing Debt Service Funding Supplements

1. Does this proposed, amended, or repealed rule or regulation have a financial impact? Yes _____ No X
2. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
3. If the purpose of this rule or regulation is to implement a federal rule or regulation, please give the incremental cost for implementing the regulation. Please indicate if the cost provided is the cost of the program.

Current Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

Next Fiscal Year

General Revenue _____
Federal Funds _____
Cash Funds _____
Special Revenue _____
Other (Identify) _____

Total _____

4. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule or regulation? Identify the party subject to the proposed regulation and explain how they are affected.

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

5. What is the total estimated cost by fiscal year to the agency to implement this regulation?

Current Fiscal Year

\$ _____

Next Fiscal Year

\$ _____

DEPARTMENT OF EDUCATION
FISCAL IMPACT STATEMENT OF PROPOSED REGULATION
(In compliance with Acts 884 and 1253 of 1995)

Regulation Title: **Repeal of Rules and Regulations Governing Debt Service Funding Supplements**

Summary Description of Regulatory Proposal: **To repeal Rules and Regulations Governing Debt Service Funding Supplements.**

Cite Statutory Authority for this Regulatory Proposal:

- I. Fiscal Impact on the Department: (include whether impacts are non-recurring or recurring)
 - A. Resources Required - Personnel, equipment, office space.
 - B. Time Required for Implementation.
 - C. Procedural Changes.
 - D. Other.
- II. Fiscal Impact on Local School District or Others? (Include whether impacts are non-recurring or recurring)
 - A. Resources Required - Personnel, equipment, office space.
 - B. Time Required for Implementation.
 - C. Procedural Changes.
 - D. Other.
- III. Additional Comments.

Prepared by: Patricia Martin
Assistant Director, Public School Finance
April 9, 2004

**Arkansas Department of Education
Rules and Regulations
Governing Debt Service Funding Supplements
February 2002**

1.0 Legislative Authority

1.01 These rules and regulations shall be known as the Arkansas Department of Education Rules and Regulations Governing Debt Service Funding Supplements.
1.02 These rules and regulations are enacted pursuant to the State Board of Education's authority under Arkansas Code Annotated §§ 6-11-105 and 6-20-305.

2.00 Purpose

It is the purpose of these rules and regulations to clarify the method for allocation, to school districts, of funds that reduce the debt service burdens voted by school districts and to increase local revenue available for maintenance and operations expenditures. Specifically these rules and regulations will clarify how Ark. Code Ann. §§ 6-20-303 and 6-20-308(b) interact.

3.00 Definitions

3.01 The following words and phrases shall have the same definition and meaning as defined in Ark. Code Ann. § 6-20-303: average daily membership; mandatory callable bonds; eligible debt service millage required; state wealth index.

3.02 Adjusted eligible debt service mills required shall mean the scheduled debt payment divided by the total property assessment of the school district.

3.03 Scheduled Debt Payment shall mean the scheduled debt payment on bonded debt, for the following calendar year, not including mandatory callable bonds on file with the Department of Education as of May 30 of the previous fiscal year.

3.03.1 The scheduled debt payment on file with the Department of education shall be adjusted as follows: In the case of a non-voted refunding bond issue, the payment schedule of the issue being refunded (old issue) will be compared to the payment schedule of the refunding issue. The schedule with the higher annual debt payment will be used for the purposes of calculating adjusted eligible debt service mills required if the district has provided to the Department of Education a signed Certificate as to the use of the debt service savings in conformity with Ark. Code Ann. § 6-20-308(b). In instances where a voted refunding issue is combined with additional debt or extends the term of the original debt, the new payment schedule will be used for the purposes of calculating adjusted eligible debt service mills required.

~~3.03.2 A payment that a school district makes to a third party for the eventual purpose of retiring indebtedness and that the third party places in escrow until such time in the future at which it will be turned over to the bond holders and that the school district in no way can gain access to those escrowed funds shall be included in the definition of scheduled debt payment for the purposes of these rules and regulations.~~

4.00 Calculation

~~4.01 Debt Service Funding Supplement shall be calculated as follows: For each mill of *adjusted* eligible debt service millage required as established on May 30, the local school district shall be provided a dollar amount of no less than fifteen dollars (\$15) per average daily membership times its state wealth index.~~

~~4.02 The State Board of Education shall set the funding factor annually at the same meeting at which it approves the budget for the Public School Fund.~~

5.00 Schedule of Payments

~~Debt Service Funding Supplement shall be distributed quarterly.~~